

INCOMING TELEGRAM

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EXCISE

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PK BONN 57, BERLIN 34.

IOP

INR FROM KOHLER

RMR PASS DEFENSE AND TREASURY

762.00/8-261 B1 TS B1  
1443 Date 10-9-61

UNDER SECRETARY FOWLER HAS PARTICIPATED IN SERIES THREE MEETINGS SUB-GROUP OF FOUR-POWER WORKING GROUP ON ECONOMIC COUNTERMEASURES. WORKING PAPERS SHOULD BE CONSIDERED IN PLENARY GROUP AUGUST 2. ALL SUB-GROUP DELEGATIONS ACCEPT CONSIDERATIONS US JULY 21 MEMO AND PARTICULARLY EMPHASIS ON NECESSITY CORRELATION AND INTEGRATION ECON MEASURES WITH MILITARY, POLITICAL AND PSYCHOLOGICAL MEASURES.

1) IN GENERAL, [ ] WE CONVINCED FOREIGN MINISTERS SHOULD TAKE FINAL DECISION NOW TO IMPOSE TOTAL EMBARGO ON SOVIET BLOC IN EVENT SUBSTANTIAL BLOCKAGE ACCESS TO BERLIN AND SHOULD RECOMMEND NATO COUNTRIES BE PRESSED AGREE TO SUCH STEP. [ ] FOR TACTICAL CONSIDERATIONS WITH NATO COUNTRIES THEY BELIEVE THAT MINISTERS SHOULD MERELY INDICATE THEY CONSIDER SUCH ACTION APPROPRIATE, EXPRESSING HOPE NATO COUNTRIES WILL ASSOCIATE THEMSELVES WITH SUCH STEP AND UNDERTAKING TO OBTAIN EARLY AGREEMENT OF NATO TO THIS PROGRAM.

2) GERMANS HAVE EAGERLY ADVANCED THESIS PATTERN INTER-ZONE TRADE WITH FEDREP. CHANGING AS EAST GERMANY SEEKS BECOME A MEMBER OF COMMUNITY. [ ]

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LESS DEPENDENT ON FEDREP. THUS NATO-WIDE COUNTERMEASURES EVEN MORE ESSENTIAL THAN EVER TO BE EFFECTIVE.

3) THERE IS OPPOSITION TO APPLYING MEASURES TO SINO-SOVIET BLOC. <sup>OPPOSED INCLUSION RED CHINA ON GROUNDS IT POLITICALLY UNDESIRABLE AND WOULD ONLY STRENGTHEN CHINESE-SOVIET TIES. ON OTHER HAND, THERE AGREEMENT IT MIGHT BE WISE APPLY COUNTERMEASURES TO SOVIET UNION AND EAST GERMANY ONLY DURING PERIOD BETWEEN ANNOUNCEMENT SOVIET SEPARATE PEACE TREATY CONFERENCE AND ACTUAL SIGNATURE THUS TO SOME EXTENT PLAYING ON BLOC SUSCEPTIBILITIES AND CREATING SOME TENSIONS WITHIN BLOC FOR CERTAIN PERIOD.</sup>

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4) THERE IS CONSIDERABLE DOUBT EXPRESSED, [REDACTED] THAT WE COULD PERSUADE NEUTRALS SUCH AS SWEDEN, AUSTRIA, SWITZERLAND, OR JAPAN NOT TO SUBSTITUTE THEIR PRODUCTS FOR THOSE NORMALLY IMPORTED FROM NATO COUNTRIES IF EMBARGO IMPOSED. NEVERTHELESS, ALL APPEAR WILLING EXPLORE POSSIBILITY OF INFLUENCING THEM TO SUPPORT EMBARGO IF THIS STAGE REACHED.

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5) GERMANS HOLD STRONGLY TO POSITION THAT INTER-ZONAL TRADE AGREEMENT PROVIDES TRADE WILL CONTINUE UNLESS THERE SUBSTANTIAL INTERFERENCES WITH CIVIL ACCESS TO BERLIN IN BOTH GOODS AND PERSONS AND WITHIN BERLIN. THIS WOULD BE HESITANT APPLY TOTAL EMBARGO IN EVENT ONLY ALLIED ACCESS BLOCKED AS THEY MIGHT THEN STAND ACCUSED OF HAVING INVITED EAST GERMANS. COUNTER-REACTION AND TAKEN STEPS INITIATE FULL BLOCKADE BERLIN. THIS ISSUE WILL BE CONSIDERED IN PLENARY AND IS FUNDAMENTAL TO POLITICAL AND PSYCHOLOGICAL ASPECTS ACCESS ISSUES.

6)  I BELIEVE CERTAIN MEASURES SHOULD BE APPLIED AT EARLY STAGE (ANNOUNCEMENT CONVOCATION SEPARATE

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PEACE CONFERENCE) AND WE HAVE PRELIMINARILY AGREED TO LIST ILLUSTRATIVE MEASURES WHICH COULD BE TAKEN NOW BY MOST NATO COUNTRIES IF NECESSARY.

7) SUB-GROUP AGREED STRONGER INTERMEDIATE MEASURES (REQUIRING LEGISLATIVE OR ADMINISTRATIVE ACTION IN CASE MANY NATO COUNTRIES) MIGHT BE FURTHER CONSIDERED IN QUADRIPARTITE GROUP IN WHICH EFFORT SHOULD BE MADE WED BONN COUNTERMEASURES STUDY AND "NON-MILITARY COUNTERMEASURES" STUDY OF WASHINGTON TRIPARTITE AMBASSADORIAL GROUP.

FULLER REPORT WILL FOLLOW TOMORROW'S MEETING, BUT PRESENT INDICATIONS ARE THAT LARGE MEASURE AGREEMENT ON ECONOMIC COUNTERMEASURES WILL BE REACHED WITH CLEAR INDICATION SUBSEQUENT STEPS NECESSARY TO OBTAIN COMMITMENTS TO NATO WIDE PROGRAM OF COUNTERMEASURES WILL BE UNDERTAKEN.

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